

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Glenwood Post Office
Glenwood, Alabama 36034
(Mayor Dan Jackson, Enid C. Folmar, Concerned
Citizens of Glenwood, AL, and Billy W. Knight,
Petitioners)

Docket No. A2012-25

UNITED STATES POSTAL SERVICE COMMENTS REGARDING APPEAL
(December 15, 2011)

On October 20, 2011, the Commission docketed correspondence from Mayor Dan Jackson as an appeal of the Final Determination to discontinue the Glenwood, Alabama Post Office. On October 26, 2011, the Commission issued Order No. 929 in this docket. On October 26, 2011, the Commission docketed correspondence from Enid C. Folmar, Concerned Citizens of Glenwood, AL, and Billy W. Knight, objecting to the Final Determination to discontinue the Glenwood, Alabama Post Office. On November 1, 2011, the Commission docketed correspondence from Wayne Gibson,¹ objecting to the Final Determination to discontinue the Glenwood, Alabama Post Office. In accordance with Order No. 929, the administrative record was filed with the Commission on November 7, 2011. On November 18, 2011, Petitioners Concerned Citizens of Glenwood and Billy W. Knight filed separate Participant Statements in

¹ Mr. Gibson is the lessor of the building that houses the Glenwood Post Office, and is not necessarily a customer served by the Glenwood Post Office. Thus, Mr. Gibson has not established that he has standing to bring this appeal. In addition, some participants have suggested that Mr. Gibson's participation in this docket is motivated by his personal financial interests, rather than the interests of the Glenwood community, and that Mr. Gibson has "bullied" Glenwood customers to submit correspondence in support of his position. See Letter from Concerned Alabama Residents Regarding the Glenwood, AL Post Office 36034, PRC Docket No. A2012-25 (November 2, 2011). If true, these allegations would indicate that the level of opposition to the discontinuance of the Glenwood Post Office reflected in this docket may be artificial.

support of the petition.² On November 21, 2011, Petitioner Mayor Dan Jackson filed a Participant Statement in support of the petition.³ On November 28, 2011, Wayne Gibson filed a Participant Statement in support of the petition.⁴ On December 6, 2011, Petitioner Enid C. Folmar filed a Participant Statement in support of the petition.⁵

The initial correspondence and the Participant Statements received by the Commission in this docket raise four main issues: (1) the effect on postal services; (2) the impact upon the Glenwood community; (3) the economic savings; and (4) the effect on employees. As reflected in the administrative record of this proceeding, the Postal Service gave these issues serious consideration. In addition, consistent with the Postal Service's statutory obligations and Commission precedent,⁶ the Postal Service gave consideration to other related issues. Accordingly, the Final Determination to Close the Glenwood, AL Post Office and Establish Service by Independent Post Office should be affirmed.

Background

The Final Determination to Close the Glenwood, AL Post Office and Establish Service by Independent Post Office (Final Determination), as well as the administrative record, indicate that the Glenwood Post Office provides EAS-13 level service 41 hours

² Participant Statement Received from Sylvester Boyd for the Concerned Citizens of Glenwood, PRC Docket No. A2012-25 (November 18, 2011); Participant Statement Received from Billy W. Knight, PRC Docket No. A2012-25 (November 18, 2011).

³ Participant Statement Received from Dan Jackson, Mayor, Town of Glenwood, PRC Docket No. A2012-25 (November 21, 2011).

⁴ Participant Statement Received from Wayne Gibson, Owner of Glenwood Post Office, PRC Docket No. A2012-25 (November 28, 2011).

⁵ Participant Statement Received from Enid C. Folmar, PRC Docket No. A2012-25 (December 6, 2011).

⁶ See 39 U.S.C. § 404(d)(2)(A).

per week to retail customers and 142 delivery customers. Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet (Fact Sheet), at 1.⁷ The postmaster position at the Glenwood Post Office became vacant when the postmaster was promoted on April 24, 2011. *Id.* Since that time, a noncareer postmaster relief employee has been installed to operate the Glenwood Post Office. Item No. 33, Proposal to Close the Glenwood, AL Post Office and Establish Service by Independent Post Office (Revised) (Revised Proposal), at 12.

The average number of daily retail window transactions at the Glenwood Post Office is 23.50. Item No. 18, Fact Sheet, at 1. Revenue has generally declined since 2008: \$24,993 (65 revenue units) in FY 2008, \$24,101 (63 revenue units) in FY 2009 and \$22,221 (58 revenue units) in FY 2010. Item No. 33, Revised Proposal, at 2. The Glenwood Post Office has no meter or permit customers. Item No. 18, Fact Sheet, at 1.

Upon implementation of the Final Determination, delivery and retail services will be administered by the Luverne Post Office,⁸ an EAS-18 level Post Office, and through contract or rural route service. Item No. 33, Revised Proposal, at 2-3. Customers may elect to continue Post Office box service at the Luverne Post Office, or receive delivery and retail service through contract or rural route service to roadside mailboxes located close to customers' residences. *See id.*

⁷ In these comments, specific items in the administrative record are referred to as "Item No. _____."

⁸ The Luverne Post Office is not listed as a candidate for discontinuance as part of the Retail Access Optimization Initiative (PRC Docket No. N2011-1).

The Postal Service followed the proper procedures⁹ leading up to the posting of the Final Determination, considered and addressed the issues raised by the customers of the Glenwood Post Office, and complied with all notice requirements. In addition to the posting of the Proposal and Final Determination, customers received notice through other means. On May 28, 2011, questionnaires were distributed to delivery customers and made available to retail customers of the Glenwood Post Office. Item No. 23, Postal Service Customer Questionnaire Analysis, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record at Item No. 22. On June 6, 2011, representatives from the Postal Service attended a community meeting at the Glenwood Town Hall, where they answered questions and provided information to customers. Item No. 33, Revised Proposal, at 2. Customers received formal notice of the Proposal and Final Determination, as well as the right to appeal the Final Determination, through postings at the Glenwood Post Office and nearby facilities. Item No. 33, Proposal to Close the Glenwood, AL Post Office and Establish Service by Independent Post Office; Item No. 33, Revised Proposal; Item No. 47, Final Determination.

In light of the postmaster vacancy,¹⁰ minimal workload, a reduction in office revenue,¹¹ the variety of delivery and retail options (including the convenience of contract or rural delivery and retail service),¹² minimal impact upon the community, and

⁹ This discontinuance action was conducted under an earlier version of the United States Postal Service Handbook PO-101.

¹⁰ See Item No. 18, Fact Sheet, at 1.

¹¹ See id.

¹² See Item No. 33, Revised Proposal, at 2-11.

the expected financial savings,¹³ the Postal Service issued the Final Determination. Regular and effective postal services will continue to be provided to the Glenwood community in a cost-effective manner upon implementation of the Final Determination.

Each of the issues raised by the Petitioners is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii), and as addressed throughout the administrative record, the Postal Service considered the effect of discontinuing the Glenwood Post Office on postal services provided to Glenwood customers. The discontinuance is premised upon providing regular and effective postal services to Glenwood customers.

Petitioners raise the issue of the effect on postal services of the Glenwood Post Office's closing, noting the convenience of the Glenwood Post Office. Some participants request its retention, and express particular concern about the need to travel to the Luverne Post Office for service. Other participants support the discontinuance of the Glenwood Post Office. Letter from Concerned Glenwood Alabama Residents Regarding the Glenwood, AL Post Office 36034, PRC Docket No. A2012-25 (November 2, 2011). These participants express a preference for rural delivery, and recognize the alternate access options available to members of the Glenwood community, and the general decline in mail volume. See *id.*

¹³ *Id.* at 12.

The effect of the Glenwood Post Office's discontinuance on the availability of postal services to Glenwood residents was considered extensively by the Postal Service. Item No. 33, Revised Proposal, at 2-11. Services provided at the Post Office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier to roadside mailboxes located close to customers' residences. *Id.* Various options exist for obtaining postal services, which are explained on usps.com. In addition to carrier service, customers may opt for Post Office Box service at the Luverne Post Office, or use alternate access options, including usps.com and Stamps By Mail®. The window service hours of the Luverne Post Office are from 8:30 a.m. to 4:30 p.m., Monday through Friday, and 8:30 a.m. – 12:00 p.m. on Saturday. Item No. 33, Revised Proposal, at 2. In addition, customers opting for carrier service will have 24-hour access to their mail. *Id.* at 11.

Petitioners question the convenience of the Luverne Post Office. The Postal Service noted this concern in the record. Item No. 33, Revised Proposal, at 4. Ultimately, the Postal Service concluded that the Glenwood community would continue to receive regular and effective service through the Luverne Post Office and alternate access options, including contract or rural route service, usps.com and Stamps By Mail®.

Petitioners raise concerns about mail security. The Postal Service advised customers that they may place a lock on their mailboxes. Item No. 33, Revised Proposal, at 7. The mailbox must have a slot large enough to accommodate the customer's normal daily mail volume. *Id.* The Postal Service also sent a questionnaire

to the Postal Inspection Service concerning mail theft and vandalism in the Glenwood Post Office area. Item No. 14 at 1. Law enforcement records indicate that there has been minimal mail theft or vandalism activity in the area. See *id.*

Petitioners question why a decision was made to study the Glenwood Post Office on grounds of the postmaster vacancy. Under regulations in Handbook PO-101 in effect at the time the discontinuance was commenced, it was common to initiate a study when the postmaster position became vacant. See Handbook PO-101 § 213 (pre-July 14, 2011 version). The Postal Service further notes that changes made to Handbook PO-101 effective July 14, 2011 promote consistency of decision-making by allowing for the identification of candidate facilities for study based on factors such as workload, customer demand, and availability of alternatives.

Petitioners question the consistency of this discontinuance action with provisions in Title 39. Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where Post Offices are not self-sustaining.” The Postal Service’s view is that the “maximum degree” obligation in Section 101(b) must be read in the context of related statutory provisions. It is a directive to recognize that special consideration must be given to the greater likelihood of dependence on postal retail facilities for access to postal products and services in rural communities and small towns; however, this concern must be balanced with Congressional mandates that the Postal Service execute its mission efficiently and

economically. See Sections 101(a); 403(a), (b)(1) and (b)(3); 404(d)(2) and 3661(a). Here, the Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with contract or rural delivery service in the absence of the Post Office, and the answer was affirmative.

The Postal Service has considered the impact of discontinuing the Glenwood Post Office upon the provision of postal services to Glenwood customers. Delivery and alternate access options provide Glenwood customers with similar access to many retail services, thereby alleviating the need to travel to the Post Office. Item No. 33, Revised Proposal, at 2-11. Thus, the Postal Service has properly concluded that Glenwood customers will continue to receive regular and effective service.

Effect on the Glenwood Community

The Postal Service is obligated to consider the effect of its decision to discontinue the Glenwood Post Office upon the Glenwood community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to discontinue a Post Office.

Glenwood is an incorporated community located in Crenshaw County. Item No. 33, Revised Proposal, at 11. The Glenwood Police Department provides police protection, and the Glenwood Fire Department provides fire protection. *Id.* In general, Glenwood residents must travel elsewhere for many supplies and services. See Item No. 33, Revised Proposal, at 11.

Petitioners contend that the discontinuance of the Glenwood Post Office will cause a hardship for customers with disabilities and senior citizens, requiring them to travel greater distances to obtain postal services. The Postal Service explained, however, that carrier service is beneficial to many customers with disabilities, senior citizens, and customers who face special challenges because it allows them to obtain some postal services without having to travel to the Post Office for service. Item No. 33, Revised Proposal, at 4. In hardship cases, delivery can be made to the home of a customer. *Id.*

Petitioners' appeal raises the issue of the effect of the discontinuance of the Glenwood Post Office upon the Glenwood community. This issue was extensively considered by the Postal Service, as reflected in the administrative record. Item No. 33, Revised Proposal, at 11. The Postal Service explained that a community's identity derives from the interest and vitality of its residents and their use of its name. Item No. 22 at 28. Communities generally require regular and effective postal services, and these will continue to be provided to the Glenwood community.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of discontinuing the Glenwood Post Office on the community served by the Glenwood Post Office.

Economic Savings

Postal Service officials properly considered the economic savings that would result from the proposed discontinuance, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that administering delivery service

emanating from the Luverne Post Office would cost the Postal Service substantially less than maintaining the Glenwood Post Office, and would still provide regular and effective service. The amount of the estimated annual savings associated with discontinuing the Glenwood Post Office is \$51,809.00.¹⁴ Item No. 33, Revised Proposal, at 12.

Petitioners in this appeal question the consistency of the Final Determination with statutory authority in Title 39 providing that no small Post Office may be closed solely for operating at a deficit. Here, however, a variety of factors inform the decision to discontinue the Glenwood Post Office, including a postmaster vacancy,¹⁵ minimal workload, declining office revenue,¹⁶ the variety of delivery and retail options (including the convenience of contract or rural delivery and retail service),¹⁷ minimal impact upon the community, and the expected financial savings.¹⁸ Pursuant to 39 U.S.C. § 404(d)(2)(A)(iii), the Postal Service in determining whether to close a Post Office must consider whether such closing is consistent with the policy that the Postal Service provide “a maximum degree of effective and regular postal services to rural areas, communities, and small towns where Post Offices are not self-sustaining.” In this case, the Postal Service analyzed, among other factors, the Glenwood Post Office’s workload and revenue. Item No. 33, Revised Proposal, at 2. The consideration of an office’s workload and revenue is not inconsistent with the policies of Title 39, however, because analysis of workload and revenue does not imply that a small Post Office is operating at

¹⁴ Incorporation of the information from the supplemental filing submitted today results in an estimated annual savings of \$39,849.

¹⁵ Item No. 18, Fact Sheet, at 1.

¹⁶ *Id.*

¹⁷ Item No. 33, Revised Proposal, at 2-11.

¹⁸ *Id.* at 12.

a deficit. The Postal Service then analyzed whether a maximum degree of effective and regular postal services to the area and community could be provided with contract or rural delivery service in the absence of the Post Office, and the answer was affirmative.

Petitioners contend that the Postal Service's savings estimates are incorrect because a career postmaster salary was used in the calculation, in lieu of the lower income earned by the OIC. However, the economic savings calculation conducted as a part of a discontinuance study is forward-looking; that the Postal Service may have paid less in salary and benefits over the past years does not mean that it could count on those savings annually in the future. If the Glenwood Post Office closes, one career slot will be eliminated. If the Post Office is not discontinued, that slot would have been filled with a career employee, and the salary and benefits to be paid would be as shown for a postmaster.

Petitioners criticize the Postal Service for failing to account for costs borne by customers to travel to other Post Offices. Such costs are not, however, required to be included in the economic savings calculation. See Order Affirming Determination, PRC Order No. 1037, PRC Docket No. A2011-49 (December 12, 2011) at 13 ("The Commission traditionally has not expected the Postal Service to account for patrons' costs [incurred in obtaining postal services after a Post Office discontinuance]"). In this case, the Postal Service appropriately applied its financial analysis to calculate the economic savings, as the pertinent statute requires that the "economic savings *to the Postal Service*" be factored in the savings calculation. See 39 U.S.C. § 404(d)(2)(A)(iv) (emphasis supplied).

Petitioners criticize the Postal Service for failing to account for additional costs that will be needed to pick up and deliver mail throughout the community.

Notwithstanding Petitioners' complaint, the Postal Service applied its standard financial analysis which accounts for the following cost drivers: the number of additional boxes to be added to the contract or rural route; the additional volume that may be expected per additional box; the number of additional miles to be added to the route; and the total additional annual hours that will be required to service the route. See Item No. 17, Highway Contract Route Cost Analysis Form, at 2. The Postal Service's approach is both defensible and reasonable; moreover, it is efficient while adding comparability across discontinuance studies. The administrative record has been corrected to account for the estimated cost of adding customers to the highway contract route. See United States Postal Service Notice of Supplemental Filing, PRC Docket No. A2012-25 (December 15, 2011). A subtraction of this estimated cost from the economic savings calculation that appears in the Final Determination reflects that the Postal Service will still achieve substantial economic savings from the discontinuance of the Glenwood Post Office. See Footnote 11.

Petitioners also claim that the economic savings calculation does not account for loss of revenue from Post Office Boxes. This concern presumably only pertains to customers that switch from Post Office Box service to contract or rural carrier service. However, revenue from Post Office Box service is a relatively small proportion of an office's total revenue, and hence the impact of any such conversions would be trivial in relation to total savings. See PRC Docket No. N2011-1, USPS-T-1.

Petitioners observe that the savings generated from Post Office closings is small in relation to the total budget of the Postal Service. While the savings may seem insignificant to Petitioners, they are significant to the overall cost reduction focus of the Postal Service. The Postal Service is looking at all opportunities to operate efficiently and provide effective and regular service. While the savings from any given initiative may seem small, these savings can make a difference when added together.

The Postal Service determined that the provision of delivery and retail service through the Luverne Post Office is more effective than maintaining the Glenwood postal facility and postmaster position. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a discontinuance, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster was promoted on April 24, 2011. Item No. 18, Fact Sheet, at 1. Although the noncareer postmaster relief (PMR) may be separated from the Postal Service upon implementation of the Final Determination, the record shows that no other employee would be affected by this discontinuance. Item No. 33, Revised Proposal, at 12.

Petitioners express some concern for the PMR, assuming that the PMR would become unemployed upon the discontinuance of the Glenwood Post Office, which would harm both the employee and the community. The Postal Service did consider the

impact of the closing on the PMR. However, the PMR who served at the Glenwood Post Office was a noncareer employee. The Postal Service regrets any negative impact that this closing has on the PMR, but, as the record reflects, the Postal Service will make efforts to reassign the PMR to another position nearby. See Item No. 15, Post Office Survey Sheet, at 1. The Postal Service understands and is sympathetic to the Petitioners' concern, but is also charged with responsibility to promote efficiency of operations. Consequently, this concern does not outweigh the other considerations cited in support of the Final Determination.

Accordingly, in making the Final Determination, the Postal Service considered the effect of the discontinuance on the employees of the Glenwood Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of discontinuing the Glenwood Post Office on the provision of postal services and on the Glenwood community, as well as the effect on postal employees, the economic savings that would result from the proposed discontinuance and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Glenwood customers. The Postal Service

respectfully submits that this conclusion is consistent with and supported by the administrative record, and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). Accordingly, the Postal Service's decision to discontinue the Glenwood Post Office should be affirmed.

The Postal Service respectfully requests that the Final Determination to discontinue the Glenwood Post Office be affirmed.

Respectfully submitted,

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